

March 4, 2025

The Honorable Ben Barnes
Chair, House Appropriations Committee
120 Taylor House Office Building
6 Bladen St.
Annapolis, MD 21401

Re: Letter of Opposition – HB 1402 – Maryland Department of Health and Department of Human Services – Public Benefits – Prevention of Waste, Fraud, and Abuse

Dear Chair Barnes and Members of the House Appropriations Committee,

The Maryland Health Benefit Exchange (MHBE) respectfully submits this letter of opposition for House Bill (HB) 1402 – Maryland Department of Health and Department of Human Services – Public Benefits – Prevention of Waste, Fraud, and Abuse.

MHBE is Maryland's state-designated health insurance marketplace, established in 2011 in accordance with the Federal Patient Protection and Affordable Care Act (ACA) and is responsible for the administration of the marketplace enrollment platform Maryland Health Connection (MHC) where residents can shop for and enroll in private marketplace health plans. Maryland has an integrated enrollment system with the state's Medicaid program, so in addition to marketplace plans, MHC also processes and provides consumer support for the majority of Medicaid eligibility determinations and enrollments in the state.^{1,2} As such HB 1402 would require MHBE to establish data-sharing agreements with multiple other state and federal agencies in order to conduct additional eligibility reviews of Medicaid enrollees throughout the year on a quarterly, monthly, and as frequently as bi-monthly basis.

MBHE advises that the requirements under this bill would have an adverse impact on agency operations, as well as add substantial annual expenditures that are not currently included in MHBE's operating budget.

From an ongoing operational perspective, we anticipate that these new requirements would lead to a significant increase in the number of calls to the MHC call center and required consumer notices mailed to Medicaid enrollees, as well as in the number of consumer appeals filed. MHBE estimates the total additional cost for handling and processing this added volume at roughly \$6M (TF) annually. Additionally, we estimate approximately \$3.5M (TF) for IT implementation and operational support in the first year for extensive system updates and costs for establishing new data connections with other agencies, and \$1.5M (TF) recurring costs for IT operational support moving forward. In total we estimate additional costs of **\$9.5M (TF)** in FY26, and

¹ MHC processes all Maryland Medicaid enrollees whose eligibility is based on Modified Adjusted Gross Income (MAGI).

² As of 1/31/25, 1.16 million Marylanders are enrolled in Medicaid through Maryland Health Connection - [MHC January 2025 Monthly Data Report](#).

\$7.5M (TF) annually thereafter. These estimates have been included under the fiscal note submitted by the Maryland Department of Health (MDH).

MHBE does not have the funding needed to implement the provisions of this bill. We also express our concern around the impact to MHC consumers due to the anticipated increased volume of consumer calls and appeals, and the overall impacts to consumer experience and MHBE's ability to deliver quality customer service.

For further discussions or questions on HB 1402, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at johanna.fabian-marks@maryland.gov.

Sincerely,



Michele Eberle
Executive Director